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Ski resorts warm up new marketing tactics—P. 38

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NEWSPAPER

January 9, 1989

Advertising Age

Crain's International Newspaper of Marketing

Last Minute News

Mojo plans major linkup soon

SYDNEY—Mojo MDA Group told the Australian Stock Exchange last week that it's close to finalizing a linkup with a major agency. Chiat/Day, Venice, Calif., is considered the most likely candidate, followed by Japan's Dentsu and its HDM Worldwide venture with Young & Rubicam and France's Havas. HDM and Chiat/Day have denied deals with Mojo (AA, Dec. 26). Dentsu couldn't be reached for comment.

Ayer offers new BK creative

NEW YORK—N W Ayer this week will present new creative to Burger King Marketing Director Don Dempsey at the agency's offices here. Executives from Grand Metropolitan, which acquired Burger King parent Pillsbury Co., are likely to attend. How Ayer's new creative is received could determine whether the $200 million national account is put up for a formal review.

Eveready reviews $25M account

ST. LOUIS—Eveready Battery Co. is reviewing its $25 million Energizer battery account. The review is limited

(Continued on Page 8)

Sara Lee realigns $100M in Europe

By LAUREL WENTZ
and JULIE SKUR HILL

In a major realignment, Sara Lee Corp.'s European coffee and groceries unit is reshuffling its $100 million ad budget and slicing its roster of agencies to four from more than 40.

The Sara Lee/Douwe Egberts division, based in Utrecht, Netherlands, is aligning its business by product category in about a dozen European countries.

The winning agencies are BBDO Worldwide, Saatchi & Saatchi Advertising Worldwide, HDM Worldwide and Backer Spielvogel Bates Worldwide.

BBDO grabbed the two biggest-spending product groups—coffee and tobacco—while Saatchi won teas and snacks and HDM picked up oral-care and detergent products.

The Sara Lee division began the consolidation several months ago, moving two European over-the-counter brands, Rennies antacid and Aspro aspirin, to Backer.

At press time, the exact size of each agency's win was not clear because of the disparate nature and number of brands involved. It is known, however, that BBDO's portion of the business is worth $30 million.

FHV/BBDO Group, Amstelveen, the Netherlands, will serve as the lead agency for the account.

The realignment was spurred, in part, by the creation by 1992—the target date for the European Community to eliminate trade barriers.

"European branding means European advertising, and European advertising means you may as well use [pan-European] agencies," said Wim Slootweg, senior VP-international communication at Sara Lee. Mr. Sloot-

(Continued on Page 45)

Winn-Dixie, food giants mend fences

By JULIE LIESSE ERICKSON
and JUDANN DAGNOLI

The standoff between Winn-Dixie Stores and some of the nation's largest grocery-product marketers seems to be ending.

Products of companies including General Foods Corp., Pillsbury Co., Procter & Gamble Co. and Quaker Oats Co. are being returned to Winn-Dixie shelves as a result of individual deals with the retail chain.

Although two of these companies are modifying marketing policies, others report little or no change.

General Foods and Quaker have instituted new national pricing policies, but both companies are fashioning them to facilitate regional marketing.

The brouhaha over national deals came to a head last summer as Winn-Dixie, the fifth-largest grocery chain in the U.S. with 1,300 units, began demanding that deals from marketers could no longer be offered on a market-by-market basis (AA, Oct. 3, *et seq.*). When marketers refused, the chain began pulling selected products from those companies.

After Winn-Dixie threw down the gauntlet, other supermarket chains, such as Food Lion, Publix Supermarkets, Safeway Stores and Kroger Food Stores, demanded equal treatment. Now the worst appears to be over.

Quaker is "reserving the right to market and promote certain products locally," particularly those that are regional or whose strengths skew dramatically to certain regions, said Ronald Bottrell, senior manager-corporate communications at the marketer.

The policy applies to hot and cold cereals and Gatorade, and was formulated before Winn-Dixie issued its demands, he said.

The chain appears to have accepted Quaker's position, since Quaker said its discontinued products have been reinstated by Winn-Dixie.

Some P&G and Pillsbury products pulled from Winn-Dixie also are beginning to reappear, indicating headway in negotiations between those two market-

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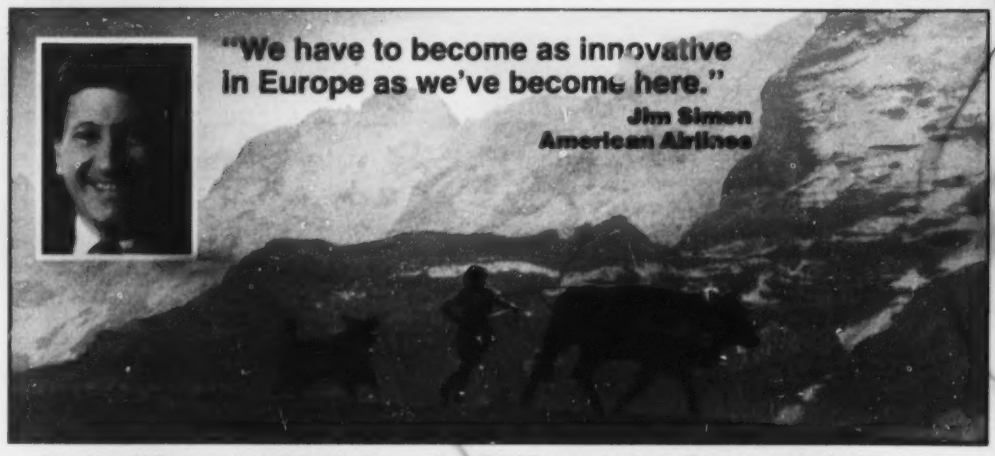

American Airlines next month breaks this spot from BJK&E to emphasize its European routes to U.S. viewers.

American opens review

DDB, Bozell vie for $20M int'l account

By JENNIFER LAWRENCE

FORT WORTH, TEXAS—American Airlines is reviewing its estimated $20 million international ad account in hopes of heightening its image abroad.

The nation's No. 2 carrier will choose between international incumbent DDB Needham Worldwide and Bozell, Jacobs, Kenyon & Eckhardt, its domestic shop. No other agencies are participating in the review.

The review was prompted by the airline's rapid European expansion since 1985, said Jim Simon, managing director of advertising.

American's international routes cover service between four U.S. cities and nine European cities; four new European destinations will be added in May.

As recently as three years ago, American flew only to London.

DDB Needham, through its London and New York offices, handles ads that run in Belgium, France, West Germany, Spain, Sweden, Switzerland, the U.K. and Japan.

The agency will make a presentation here Jan. 11.

BJK&E presented its international capabilities two weeks ago after requesting the opportunity to do so. The agency wouldn't comment other than to acknowledge its participation in the review.

Mr. Simon said it will be important for the international agency to have a Dallas office. DDB Needham officials declined to speculate on whether it might set up shop in Dallas to keep the account.

"We have to do some things dif-

(Continued on Page 45)

Super Bowl beer bash

By JUDITH GRAHAM

Beer, soft drinks and automobiles will scramble for the advertising limelight at Super Bowl XXIII, while computers and financial services fade to the sidelines.

The key contest on NBC-TV's Jan. 22 telecast is between Anheuser-Busch, the game's single largest sponsor, and the cola companies, which are waging a marketing extravaganza of epic proportions—complete with the first-ever, three-dimensional network broadcast and TV commercial.

"The question is which of the promotions will capture the greatest consumer attention and interest," said an agency executive who asked not to be identified.

Angered by Stroh's Super Bowl spot last year mimicking Bud Light's Spuds MacKenzie, A-B has seized an 11-unit, $5 million buy, making it the exclusive beer sponsor and only exclusive sponsor for the game, as well as the pre- and postgame shows.

The showcase is a set of six new "Bud Bowl I" spots that enact the game in beer-land (AA, Dec. 26).

Meanwhile, Miller Brewing Co., an official National Football League sponsor shut out of the field, is still determined to get in the Super Bowl act. Miller will run a sweepstakes and distribute nearly 5 million copies of a 20-page game guide as well as T-shirts, hats, table tents, signs and other game-related items in stores.

On the cola front, Coca-Cola USA and Pepsi-Cola Co. reportedly have each grabbed four of the telecast's 54 30-second ad units. Coca-Cola's showcase will be a $1 million, 45-second Diet Coke spot in 3-D, via Lintas: New York. It will air during the 12-minute halftime show.

The marketer starts distributing 20 million pairs of 3-D glasses at point-of-purchase displays today, backed by local advertising.

Pepsi will premiere part of its 1989 commercial pool during the telecast, including a Diet Pepsi spot, sources said. BBDO Worldwide handles.

In an effort to upstage its rival, Pepsi is sponsoring "The Diet Pepsi Talent Challenge," a pregame talent show featuring NFL players competing as singers, comedians, dancers and musicians (AA, Dec. 19).

Among other Super Bowl XXIII advertisers:

- The auto category is bursting, with Volkswagen of America, Chrysler Motors' Dodge division (with three :30s or one :30 and one :60 via BBDO Worldwide, Southfield, Mich.); Nissan Motor Corp. USA; Hyundai Motor America; and Toyota Motor Sales USA each accounting for two or three units. The pre- and postgame shows also count General Motors Corp.'s Oldsmobile division, Suzuki Motor Corp. and Mazda Motor of America among their sponsors.
- McDonald's Corp. will air a special effort tied to a product anniversary, sources say.
- Federal Express Corp. will run several spots from a new campaign stressing international service, by Fallon McElligott, Minneapolis. Federal Express had five units on the game last year.
- Gillette Co. is running one :60 and two :30s for its Atra Plus blade-and-razor system. The company had one :30 on the pregame show last year. BBDO in New York handles.
- Michelin Tire Corp. is breaking two campaigns from DDB Needham Worldwide. One features the "best of babies," with scenes from Michelin's much-heralded spots of toddlers crawling around its tires. The other is a more hard-hitting, performance-related campaign.
- GM's Oldsmobile division is airing a :30

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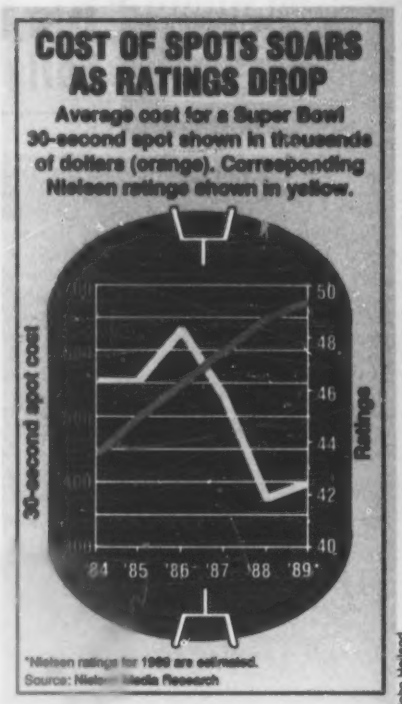

John Heiland

Indies to take on Big 3 in upfront

By WAYNE WALLEY

LOS ANGELES—The Association of Independent Television Stations said it will go head-to-head with the Big 3 TV networks, cable and barter syndication for a share of "upfront" sales by 1990.

Preston Padden, president of INTV, said at least 75 stations, including KCOP, Los Angeles, signed tentative commitments to join INTV-NET at the association's annual convention here last week. That's the first step in a four-phase plan to create a new "unwired" network.

The idea, first broached by INTV last month (AA, Dec. 12), is to unite independent stations on a non-exclusive basis for network sales of ad time during certain dayparts.

For the most part, independent stations have been excluded from the traditional upfront market, when advertisers make their TV buys as much as a year in advance.

"We have failed to get our fair share of network-type national dollars largely because we fail to show up and ask for the order," Mr. Padden said. "We do 25% of the national audience share but capture only 1% of the national revenue."

INTV wants to target the $11 billion spent by advertisers in the upfront market. But advertisers tend to perceive unwired networks as an expedient way to buy spot TV, the market independents depend on for at least half their annual revenue.

At least seven so-called unwired networks now exist, created by third parties who buy commercial time on independents nationwide and resell the time to advertisers at a markup.

"The trick for INTV is how to get there," said Dennis Gillespie, senior VP at Viacom International. "I give independents credit for developing a cooperative to get a share in the $11 billion upfront, but how do you get it without spot going out the back door? That's what they have to guard against."

Some in the TV industry believe unwired networks, particularly INTV-NET, will destroy the national spot TV marketplace.

But Ron Inman, INTV VP-marketing, said the plan gives independents the opportunity to build a larger revenue stream while giving national advertisers an efficient way to buy independents.

Advertisers generally applauded the formation of INTV-NET. If the price is right, they could use the venture as leverage in network negotiations or to compensate for increases in other areas.

"We would evaluate it in terms of an offsetting package against network," said Robert Ward, Miller Brewing Co. director of advertising services.

Robert L. Wehling, VP-marketing services at Procter & Gamble Co., said ease of administration, or a one-invoice buy, made his experience with an unwired network work.

"I think it's a good idea," he said of INTV-NET. "It will come down to pricing, time period and the quality of what they are offering."

Mr. Padden said INTV's next step is to find a sales company to represent the network, followed by getting signed agreements from stations and implementing a marketing plan.

LBS Communications and Viacom already have bid to become the sales rep.#

Highlights

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New and improved flashlights are illuminating this year's battles between battery marketers.

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Interpublic, French shop discuss deal

By LAUREL WENTZ

Interpublic Group of Cos. and French agency network FCA! are talking about jointly buying a New York agency.

These negotiations also involve FCA! possibly purchasing some of McCann-Erickson Worldwide's secondary European agencies and McCann's acquiring 34% of FCA!

If the talks work out, FCA! and McCann would seek an agency in New York billing about $200 million to $300 million. However, no candidates have been selected, said Philippe Calleux, FCA! chief executive.

A decision on a deal with Interpublic, McCann's parent, will be made in about two months, he said. FCA! also is talking to other international agency groups, but he declined to name them.

Mr. Calleux said having his agency's name on the door in the U.S. and Europe is a key point.

"We would be stronger in Europe by merging some of [McCann's] agencies with our own, but obviously we're also highly interested in having an agency with our name in New York," he said. "We have very important clients looking for a U.S. solution."

FCA! already owns agencies in the U.K., Italy, Spain, the Netherlands and West Germany. The agency would be interested in picking up McCann shops in those countries as well as adding markets such as Scandinavia and Portugal, Mr. Calleux said.

McCann owns 14 local agencies in Europe that don't carry the McCann name and aren't an official network. Generally, local clients are handled by the group of shops, which include Harrisons and Royds in the U.K. and Clarin in Spain.

"This chain of [McCann] agencies is international orphans," Mr. Calleux said. "They have no coordination or common vision. There might be extraordinary synergy possible."

Also, "Our way of doing things would be different," he said.

But McCann Chairman Robert L. James played down the talks with FCA!

"We have had discussions with these people going back five years," he said. "We had them last year and will again in '89. But I don't call them negotiations. There is nothing imminent. It's not like something being negotiated down to a fine point."

Mr. James said the specifics mentioned by Mr. Calleux were "ele-

(Continued on Page 46)

H&R Block ads rely on refunds

By KATE FITZGERALD

Ralph the school traffic guard is back in H&R Block's 1989 TV campaign, breaking today.

Ralph DeSarno, a guard in Old Tappan, N.J., made a strong impression on viewers last year with his off-the-cuff comments about tax reform. So H&R Block decided to let him conclude three of its four new 30-second TV spots.

Ralph the traffic guard returns in H&R Block's TV campaign.

"For some reason, Ralph was very memorable last year in his orange safety outfit, and we got some wonderful, natural quotes from him," said Marketing Director Steve Dickey.

The spots are part of H&R Block's $10 million 1989 ad effort, via Bernstein Rein, Kansas City, Mo. Media placement is handled in-house.

The company tried network TV in 1987 but was forced back to an all-spot-TV schedule last year when the Olympics created a shortage of network slots (AA, Jan. 11, 1988). H&R Block this year is sticking with a spot schedule, supported by print and radio.

The campaign again urges people to go for the biggest possible tax refund as tax reform fades to the background.

Each new commercial features Henry Bloch, the company's founder and president-ceo, who spells the company's name, and his own name in the spots, with a K.

Two 1988 commercials for H&R Block's Rapid Refund option also are in the six-spot pool. The option allows customers to file returns electronically and get refunds within five to seven days.

Rapid Refund, which involves an extra fee, is available in 54 markets, up from 14 last year. Mr. Dickey expects the option to account for 33% of H&R Block filings this year.

H&R Block, the nation's largest income tax preparer, processed 10.5 million taxpayers' returns last year, up 9.4% from 1987. Mr. Dickey said the company handled 10.6% of the nation's tax returns last year, up from 10% in 1987.#

Lights get flashy

Batteries marketers charge ahead

By JULIE LIESSE ERICKSON

Rayovac's new campaign will back an expanded line of flashlights.

Battery marketers will turn up the power of advertising again this year as two rivals switch their attention to flashlights.

On the heels of record 1988 ad spending by the major battery marketers, Rayovac Corp. introduces three flashlights nationally April 1. That's a direct challenge to Eveready Battery Co., which has begun a major relaunch of its lighting products (AA, Aug. 29).

Rayovac's new products—Flashylights, Roughneck and Tandem—along with its Luma 2 and Workhorse flashlights—will be supported initially by a multimedia campaign tied to Father's Day.

Ads will build toward the fourth quarter, when 40% of flashlights are sold.

FCB/Leber Katz Partners, New York, handles the company's $12 million budget, which Rayovac Vice Chairman Judy Pyle said will increase substantially in the fiscal year that starts in July.

The budget increase and the new interest in flashlights reflect marketers' commitment to higher ad spending in the $2.5 billion battery business.

During the holiday selling season, Duracell, Eastman Kodak Co., Eveready and Rayovac flooded the airwaves with TV spots. Even in the first half of 1988, traditionally the slowest period for battery sales, Duracell's overall spending rose 34.4% to $12.5 million compared with a year earlier, while Eveready's spending rose 40.8% to $10.1 million, according to Leading National Advertisers.

The new Rayovac products are designed for specific uses. Flashylights consists of midprice, all-purpose lights in combinations of six bright colors; the Roughneck offers a waterproof, brighter light for home and job uses; and the Tandem combines a floodlight and a spotlight for outdoor uses.

The flashlight market grew 16% to $415 million in 1987, according to Nielsen Marketing Research Group. Both Rayovac and Eveready believe it offers opportunities for segmented marketing and upscale products.

"There's a definite carryover factor, too," Ms. Pyle said. "We believe that this quality image set by our flashlights carries over onto our batteries, and the quality of our batteries carries over into a flashlight market that at this point is basically unbranded."

Mass-merchandise, drug and food stores account for about half of flashlight sales. In those outlets, Eveready's 25.9% share of lighting-product sales noses out Rayovac's 24.9%, according to Nielsen data from July/August 1988.

In the overall battery market, Nielsen and National Family Opinion data for July/August showed Eveready with a 40.5% share, Duracell at 30.9% and Rayovac at 16.1%. Kodak, a relative newcomer to the market, was in fourth place with a 4.9% share.

Eveready's six flashlight products are targeted more narrowly than Rayovac's. The Road Beam, for instance, is for car use, while Foreman lights are for workshops. Chiat/Day, Venice, Calif., handles.#

CORRECTIONS & CLARIFICATIONS

HBM/Creamer, folded into Della Femina, McNamee/WCRS in mid-1988, shouldn't have appeared on the top 50 U.S. agency chart (AA, Dec. 26, P. 11). Its No. 32 ranking should have gone to Della Femina, ranked 39th. Billings from recent mergers weren't folded into billings of the 50 agencies, because most billings totals as they appeared were audited figures. Della Femina, among others, would have ranked higher if billings gained in mergers had been incorporated in the new parent's total.#

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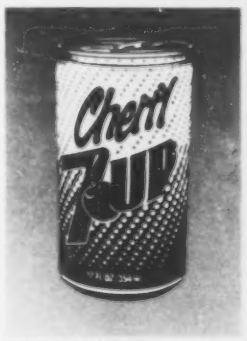

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